

MANAGING THE CHANGES IN OHRID'S HOTEL OFFER THROUGH BOUTIQUE HOTELS

Lidija Simonceska¹, Jagotka Strezovska¹

¹ Faculty of Tourism and Hospitality Ohrid, University “Kliment Ohridski” Bitola 7000, Republic of North Macedonia

Corresponding author e-mail address: lsimonce@yahoo.com (L. Simonceska)

ABSTRACT:

Ohrid is the most attractive tourist destination of the Republic of North Macedonia. With its natural and anthropogenic values, it has always been interesting and attractive to tourists, especially foreign visitors. The characteristics and beauties of Lake Ohrid, the cultural-historical heritage as well as the natural, environmental and ethno-social motives are factors that make Ohrid the largest and most famous tourist center of the Republic of Macedonia. Against the significant tourist values, the content of Ohrid's hotel offer is not set as a factor for increasing its competitiveness on the international tourist market.

In this context, changes in the hotel offer are necessary. Managing changes through an innovative approach to the establishment of boutique hotels is a significant strategic direction towards the improvement of hotel services in Ohrid.

Starting from that, this paper will carry out a theoretical and empirical investigation of the concept of boutique hotels and three basic aspects related to them: the brand, the formation of an appropriate organizational structure and the communications that employees make with each other and with guests. For this purpose, an analysis of these elements will be carried out in the SU hotel, one of the most renowned hotels on the Ohrid Riviera. Through the use of the survey technique, emphasis will be placed on researching the suitability of human resources in the hotel, their loyalty to hotel activities and the satisfaction of working in the hotel.

Keywords: *boutique hotel, hotel offer, Ohrid, organizational structure, hotel workers*

1. INTRODUCTION

Although it can be said that competitiveness is not a new concept in the tourism business, however, the complexity and dynamics of the modern environment and all the influences it causes, actualize the high competition in the tourism market as an extremely important challenge of the new century. The main reasons that encourage the competitiveness of the tourist market are: the character of tourist demands expressed through their heterogeneity and elasticity and the possibility of substitution of tourist services with the same or similar ones, as well as the permanent changes in the attitudes, demands, tastes and behavior of tourists. Thus, the modern tourist is constantly looking for something new, unknown and more attractive in all areas of tourist offer. If until a decade ago the motto "It matters where you spend your vacation" was valid, now the motto is "How you spend your vacation". The tourist clientele is oversaturated with worldly resorts, hotels, commercialized summer and winter tourist destinations. A new trend is to get to know new, less known countries, their culture, tradition, return to nature and traditions. Today's tourist is looking for a stay in facilities that will offer him comfort, a pleasant atmosphere, intimacy, in which he will feel their stylistic uniqueness.

Hotel industry, as an essential part of tourism, plays a very important role in creating and satisfying tourist needs. The quality of the accommodation offer, which is determined by the hotel's capacity to provide attractive products, services and solutions for its guests, is a factor that determines the quality of the overall tourist offer. Hotels are not immune to permanent market changes. Therefore, the hotel management is faced with the need to strategically approach the changes and think about finding innovative contents of its offer that will achieve full satisfaction of the guests' expectations.

Innovation is a specialized type of change. It occurs when new ideas and behaviors are accepted in the organization¹, when a developed new idea is translated into a new business, a new product or service, a new process, a new method of work or their improvement. Success in hotel change management depends on the organization's ability to continuously transform knowledge and ideas into new products, processes and systems in order to provide benefits to stakeholders. Innovation in hotels can range from introducing new services with which they break into the market to small, insignificant improvements. But, regardless of that, they represent the most significant area for the improvement of competitive capabilities.

Among the majority of tourist places in Macedonia, Ohrid stands out as the most attractive tourist destination. With its natural and anthropogenic values, it has always been interesting and attractive to tourists, especially foreign visitors. The characteristics and beauties of Lake Ohrid, the cultural-historical heritage as well as the natural, environmental and ethno-social motives are factors that make Ohrid the largest and most famous tourist center of the Republic of Macedonia. However, in contrast to the significant touristic values that it has, the content of the hotel offer is not set as a factor for realizing the competitiveness of this destination on the international tourist market. The hotel product should be shaped, enriched and improved with new contents and innovations, in order to make the temporary stay of the guests better and more comfortable and Ohrid a more interesting and desirable destination.

2. BOUTIQUE HOTELS AS AN INNOVATIVE FORM IN HOSPITALITY

¹ Kontić, Lj. (2008): *Inovacije – izazovi za budućnost*, Beograd: Zadužbina Andrejević

Innovations in tourism and the hotel industry are determined by the specific character of the tourist product. Considering the nature of the hotel product, innovative changes in the hotel can refer to the creation and successful application of a new product, process, new idea, new form of knowledge, new way of delivering quality or value to the guest, or a combination of all of them. . If changes are implemented according to guest needs, then managers focus on kitchen innovations, room innovations, internet innovations, service innovations that include pets in facilities, etc.² Innovation also occurs in the work process of hotels. Although they have a specific technology at work, innovation in its composition can be a significant element for success. Such changes occur in the segmentation of the market and the development of ideas for the product and their materialization, the way of distribution and promotion. The different views of innovation in hospitality point to several key areas in which change can occur in the creation of the hotel offer.³

- Product innovations – represent redesigned or completely new services or products, the novelty of which should be obvious to producers, consumers, suppliers or competitors. Examples of new tourism products developed in recent years are: loyalty programs, facilities for ecologically sustainable accommodation, events based on local traditions, etc.
- Process innovation – tends to increase the efficiency of existing operations by using new or improved technologies or by redesigning the entire production line, e.g. as a result of a reengineering process. Examples of major process innovations in tourism are: computerized tracking systems, cleaning and maintenance robots, self-service appliances, etc.
- Management innovations - it means an innovative approach oriented to the management of the quality of human resources. Tpa consists of the introduction of new jobs, new organizational structures, authority system, internal competence development, team building activities, etc. They are often combined with the introduction of new products, services and production technologies. Through this type of innovation there is a tendency to increase employee satisfaction and loyalty through activity.
- Innovations in logistics, which include the establishment of new commercial links, which can affect the organization's position in the value chain. Innovations in tourism logistics include: vertical linkages in the food and beverage industry, CRS (computer reservation systems) and Internet marketing, improvement of the airport hub system, and so on.
- Institutional innovations are outside the organization that span across the public and private sectors and set new rules of the game. Examples of tourism implications include: reform of financial incentives that restructure the concepts of social or health tourism; destination management systems and units that control access to tourist areas; and establishing or changing credit institutions and changing the conditions for obtaining financial assets.

In practice, there are numerous examples of product and service innovations. In the area of hotel product innovation, the formation of a special type of hotel, such as a boutique hotel, can be emphasized. This type of hotel is due to the growing trend of demand for differentiated hotel products and the wishes of hotel companies to provide more than the usual hotel offer.

A boutique hotel is a type of hotel characterized as a small entity, creating an intimate feeling where every guest is offered personal service. It is an independent hotel or part of a "boutique only" chain. This type of hotel has a special

² Jacob, M. Tintoré, J. Aguiló, E. Bravo, A. Mulet, J. (2003). Innovation in the tourism sector: results from a pilot study in the Balearic Islands. *Tourism Economics*, 9(3), 279-295

³ Hjalanger, kaj Radosavljević, G. Borisavljević K. (2011). Inovacije kao faktor preduzetništva u turizmu, Naučni skup Novi metodi menadžmenta i marketinga u podizanju konkurentnosti srpske privrede, 15. oktobar, Palić, Srbija..

character, design, decor and personalized service. Its specificity is that it remains faithful to the local culture and is usually in the center of the city or in a very attractive place.

As a term, "boutique hotels" haven't actually been around very long. It is considered that it appeared for the first time in the 80s of the last century. However, it is not exactly established because according to some sources Jan Schragger is credited with the term, and other sources announce that the first true boutique hotel was the Clarion Bedford Hotel, opened in San Francisco in 1981, and in 1984 with the opening of the Morgans Hotel in New York, hotelier Jan Schragger and his business partner Steve Rubel actually coined the term boutique hotel.⁴ However, from a historical point of view, it is very likely that this type of hotel can be found throughout Europe at the beginning of the 19th century, only that they did not have that name then.

At their core, boutique hotels can be described as personalized, customized, unique and individual. Their most important feature is authenticity and an established unique way of communicating with their target market, breaking the monotony and creating an atmosphere in which guests will feel special. Precisely because of the uniqueness and creativity of the services that make up the offer of boutique hotels, they cannot be unified as a standard product.

However, their essential characteristics are:

Size: Boutique hotels typically have fewer than 100 rooms, small restaurants or bars, few recreation rooms, and limited meeting space.

Theme: Each boutique hotel has a unique theme, some are historical, some are culinary focused, and some focus on specific elements. The theme is present not only in the aesthetics of the hotel, but perhaps also in its name, staff uniforms, amenities, etc.

Style: The theme cannot be expressed unless the hotel has matching decor and design. Every element of the hotel's appearance should be carefully selected, from the design of the hotel's website, through the hotel's amenities, to the standards of operation.

Service: The small scale and intimate atmosphere allows staff to focus on providing outstanding guest service.

A boutique hotel may or may not be a luxury hotel. Hotels do not become "boutique" by charging high rates or offering premium amenities. In fact, many boutique hotels are affordable and focus more on personalized service than glamorous decor or five-star facilities.

3. ANALYSIS OF THE CONDITION OF THE SU HOTEL AS A BOUTIQUE HOTEL ON THE OHRID RIVIERA

As the most important tourist center in the Republic of Macedonia, Ohrid has a large number of hotels of different sizes and other types of accommodation facilities. Their structural analysis⁵ shows that the majority are small and medium-sized hotels and apartments. The small hotel facilities include nine attractive boutique hotels that stand out from the classic offer of other hotels with their offer. Among them, with its extraordinary location, is the SU hotel, a small family hotel where guests can feel cozy and intimate in uniquely designed rooms and suites and enjoy a relaxing time with freshly brewed coffee in the lounge bar. The hotel is located on the shore of Lake Ohrid, in the center of the city so that guests can admire the beauty of the lake and experience Ohrid through the view from its restaurant.

⁴ https://en.wikipedia.org/wiki/Boutique_hotel; <https://skift.com/history-of-boutique-hotels>

⁵ <https://www.booking.com/design/city/mk/ohrid.hr.html>



Fig.1. View of the old town of Ohrid



Fig.2. SU hotel



Fig.3. One of the rooms of SU hotel

However, the ratings of the guests who used the offer of this hotel indicate that there are weaknesses in its operation and actions should be taken to improve the offer. For this purpose, an analysis of two groups of stakeholders of the hotel was carried out:

- the views of the guests through the level of their reputation for separate elements of the hotel's offer expressed on the booking platform.
- the attitudes of the employees through a survey of 36 employees who are not managers and a survey and interview of the 4 managers of the hotel.

Graph 1. Guests' evaluation of the hotel's offer



Source: <https://www.booking.com/searchresults.hr.html>

If the evaluation of hotel Su is compared with the evaluations of other boutique hotels in Ohrid or in the region, it can be noted that this boutique hotel should improve the comfort offered to them. The analysis of the promotional activities through the hotel's website shows weaknesses in the propaganda message, that is, the website lists only the offered values that relate more to Ohrid than to the content of the hotel's offer. The hotel does not use to a sufficient extent the possibilities in strengthening its brand, so that there is no establishment of an emotional connection with which the potential customer would be attracted and choose SU among the large number of hotels that are included in the hotel offer of Ohrid. The website is rarely updated, so there is information that is outdated, inaccurate and irrelevant.

The modern business world in the field of hospitality increasingly emphasizes the loyalty of guests and the loyalty of staff as a factor for competitiveness. In fact, guest satisfaction and hotel performance are influenced by the standards of food and beverage, accommodation and other amenities provided by the hotel. But the qualities of the hotel staff have the same influence. It can be said that the human factor plays the most important role for the hotel's success because guests will be loyal consumers only if they are satisfied with the offer and above all with the expertise and hospitality of the staff. The need for effective and efficient human resources employed in the hospitality industry stems from two vital factors, ie. it is a tourist driven and quality driven industry. Adequate knowledge, skills and expertise of the staff as well as their satisfaction are necessary to attract the guests, to create a pleasant atmosphere of commitment to fully satisfy the guests' requirements and expectations.

In order to gain knowledge about employee satisfaction and their loyalty to the hotel, a survey of the employees of Hotel Su was conducted through their recruitment. The survey was conducted with three types of questions.

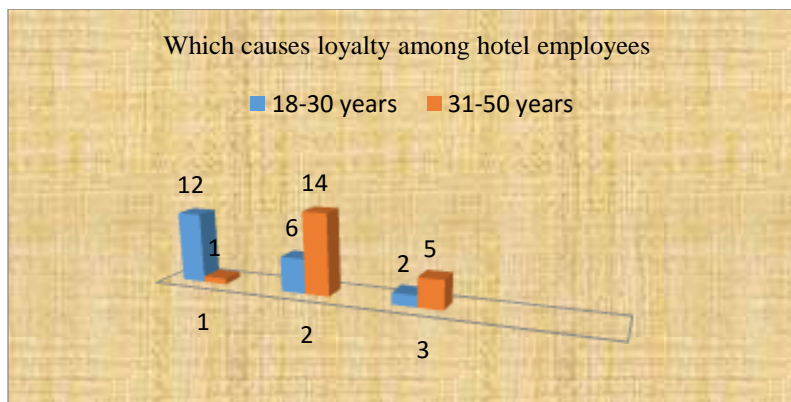
The first type of questions refers to the examination of the factors that influence building the interest of employees in hotel operations. In order to achieve that, two groups of employees were examined, from 18-30 years old and 31-50 years old. Both groups are composed of 20 respondents each.

The survey questions address three basic factors:

1. Salary and other financial incentives
2. Working conditions and promotions
3. Positive working and communication climate in the hotel

The responses received are presented in Graph 2.

Graph 2. Factors affecting employee loyalty



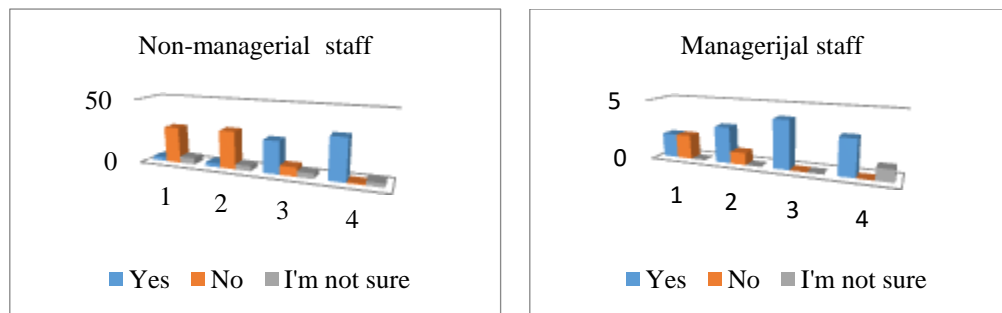
From the results presented, it can be noted that for employees up to 30 years of age, financial compensation has a key impact on their satisfaction with working in the hotel, while for employees over 30 years of age, positive working conditions and the opportunity to improve employees' knowledge and skills are essential. and their promotion.

The second type of question concerns the quality and expertise of the staff. They should be used to determine how appropriate the organizational layout of the hotel is. In order to ensure greater reliability of the obtained results, the same questions were asked to all respondents ie. of managerial and non-managerial staff, namely:

1. Does the structure of employees according to expertise meet the needs?
2. Are there enough employees in each department?
3. Are there enough managers?
4. Would the offer be better if there were more employees?

The results of the received answers are presented in Graph 3

. **Graph 3.** Attitudes of employees about the number and expertise of the staff



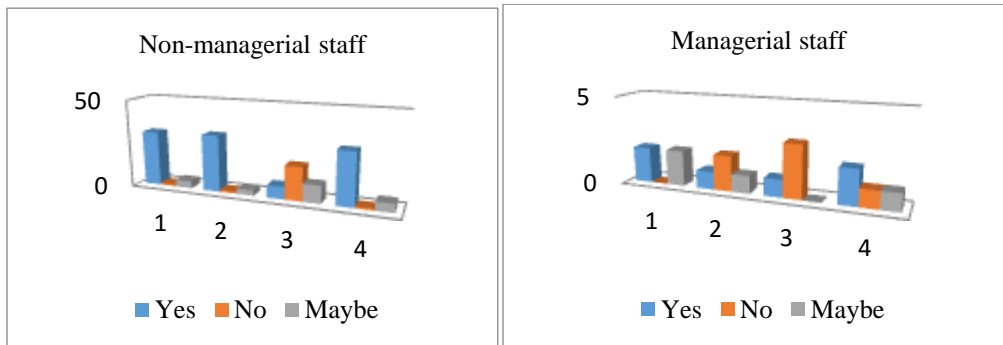
The analysis of the answers points to the conclusion that the expertise of the employees is not at a satisfactory level and needs to be improved. While the managers believe that there is enough staff, other respondents stated that the number of employees should be increased and thus the quality of the offer will be improved.

With the third type of questions, knowledge should be obtained about the organization of work in the hotel. For this purpose, answers were received to the following questions:

1. Is there a need for better organization of work?
2. Are there weaknesses in the transmission of information in the hotel?
3. Do technical means of work meet the needs?
4. Is there a need for teamwork and decision-making?

The results obtained from the survey are presented in the graph that follows.

Graph 4. Structure of employees in relation to the organization of work in the hotel.



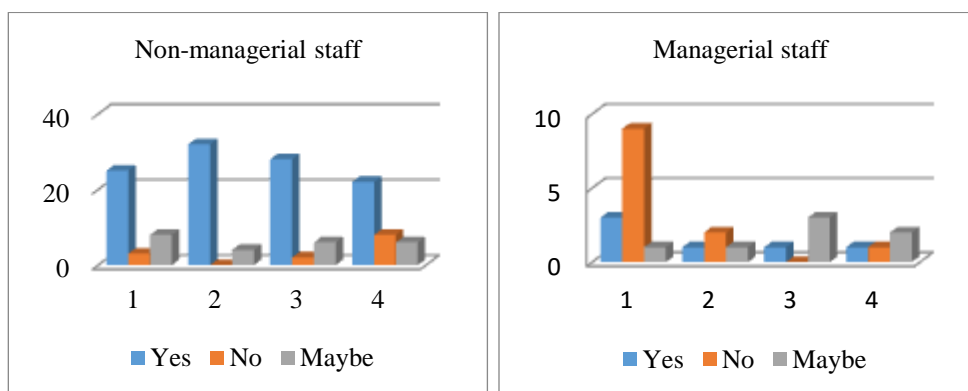
The received answers point to the conclusion that there is a lack of good organization, leadership and communication system in the hotel. Although the managers are satisfied with the existing organization, their other answers confirm that it is necessary to improve communications and advance leadership through the introduction of a team approach to work.

The fourth type of questions aims to determine the motivational climate that exists in the hotel, what is the factor that motivates employees and whether it exists as part of the operation. This was determined by answering the following questions:

1. Is it necessary to maintain annual assessments of individual operations?
2. Is it necessary to include weekly, monthly or quarterly stimulation (reward)?
3. Is it necessary to permanently improve the abilities of employees?
4. Is there a need for improvement in employee-management communication?

The results of the answered questions are as follows:

Graph 5. Structure of the respondents in terms of staff motivation



The received and presented answers indicate that there is a lack of motivation towards the employees in the hotel, and this is due to the inconstant and inadequate communication between the employees and the management, which leads to disharmony in the work. In addition to monetary incentives, employees feel the need for managers to take measures to improve the skills and professional knowledge of employees.

In order to obtain more complete results, an interview with the managers was also conducted on several essential issues, namely:

- Are you satisfied with the sale of the hotel product?
- Are you targeting new markets?
- How important is the opinion of the guests to you?
- Do you examine their satisfaction and how?
- What is your opinion about the image of the hotel among tourists?
- Are you satisfied with the expertise of your staff?
- What is your attitude towards permanent development of employees' abilities?
- Do you think that the employees are rewarded enough?
- Do you cooperate with educational institutions in the field of tourism and catering when hiring staff or on another basis?

4. CONCLUSION

From the conducted survey questionnaires as well as from the managers' answers received from their interviews, certain conclusions can be drawn and some recommendations can be proposed. The following can be stated as essential findings:

- The managers at Hotel Su have their own visions for increasing the turnover and the number of guests and overnight stays by improving the hotel offer. Their intention to create a positive image of the hotel not only in the region but also in other tourist markets is special.
- They do not make special efforts to research existing and potential tourists, their experience, satisfaction and expectations from the offer.
- The hotel has insufficient staff in terms of number and professional preparation. This applies to all employees, including the management staff. Due to the insufficient number of employees, most of the employees perform two or more roles, especially the management staff. This situation has its influence on the emergence of weaknesses in the organization of work, communication relations in the hotel as well as in the motivational climate that prevails among the employees. Thus, despite the initial enthusiasm of the employees, it has negative long-term consequences on the hotel's financial result.
- The hotel does not have significant communications with the educational institutions of tourism and hospitality from Ohrid or beyond, which contributes to the hiring of inadequate staff for the working positions, which can be said for several other hotels on the Ohrid Riviera. This may be the result of the general situation that prevails in Ohrid's hotel industry, which is the outflow of professional catering staff to work in other tourist countries.

To increase the recognition and attractiveness of the hotel, managers should focus their activities in two directions:

- Introduction of an innovative approach oriented to the management of the quality of human resources, which will improve the working climate in the hotel. Their priority must be to motivate their staff both through material rewards and permanent improvement of their abilities so that they can develop their career and commitment to guests. Respecting the professional attitudes and opinions of employees will enable managers to create a positive atmosphere for building staff loyalty to the hotel. Satisfied guests will be loyal promoters of the hotel offer.
- Creation of innovative solutions in the content of promotional means and media that present the hotel offer on the tourist market.

This hotel is representative of the small hotels in Ohrid, so the findings apply to all of them to the greatest extent. The possibility of them being built as boutique hotels opens up a wide space to advance the hospitality industry on the Ohrid Riviera.

In that direction is their strategic development through the introduction of various elements in the offer. Bearing in mind the role and importance of the staff in creating the hotel brand, managers must focus on retaining and developing the personnel in them.

5. LITERATURE

- [1] Hjalanger, see Radosavljević, G. Borisavljević K. (2011). Inovacije kao faktor preduzetništva u turizmu, Naučni skup Novi metodi menadžmenta i marketinga u podizanju konkurentnosti srpske privrede, 15. oktobar, Palić, Srbija.
- [2] Hurley, R. F. Hult, G. T. M. (1998). Innovation, market orientation, and organizational learning: an integration and empirical examination. *The Journal of Marketing*, 62, July, 42-54.
- [3] Hu, M.-L. M., Horng, J.-S. Sun, Y. H. C. (2009). Hospitality teams: knowledge sharing and service innovation performance. *Tourism Management*, 30(1), 41–50.
- [4] Jacob, M. Tintoré, J. Aguiló, E. Bravo, A. Mulet, J. (2003). Innovation in the tourism sector: results from a pilot study in the Balearic Islands. *Tourism Economics*, 9(3), 279-295.
- [5] Jovičić Vuković A., Gagić V., (2017), Inovacije u hotelijerstvo, Turističko poslovanje.
- [6] Kontić, Lj. (2008), Inovacije – izazovi za budućnost, Beograd: Zadužbina Andrejević.
- [7] Lawson, B., Samson, D. (2001), Developing innovation capability in organisations: A dynamic capabilities approach. *International Journal of Innovation Management*, 5 (3), 377–400.
- [8] Radosavljević, G. Borisavljević K. (2011), Inovacije kao faktor preduzetništva u turizmu, Naučni skup Novi metodi menadžmenta i marketinga u podizanju konkurentnosti srpske privrede, 15. oktobar, Palić, Srbija.
- [9] Simonceska, L. (2013), Menadžment, Fakultet za turizam i ugostiteljstvo, Ohrid.
- [10] https://en.wikipedia.org/wiki/Boutique_hotela, accessed 4 April 2023

[11] <https://skift.com/history-of-boutique-hotels>, accessed 4 April 2023

[12] <https://www.suhotel.mk>, accessed 6 April 2023

[13] <https://www.booking.com/design/city/mk/ohrid.hr.html>, accessed 11 April 2023